

Ark Housing Association Ltd

31 March 2015

This Regulation Plan sets out the engagement we will have with Ark Housing Association Ltd (Ark) during the financial year 2015/16. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Ark was registered in 1977 and provides housing and support to adults with learning disabilities. It is a registered charity based in Edinburgh and operates across 13 local authority areas. It owns and manages around 276 self-contained homes and 55 non self-contained projects housing 212 people and employs around 723 people mainly support staff. Its turnover for the year ended 31 March 2014 was just over £19.3 million.

During 2014/15 we engaged with Ark about the risks and challenges it faced around its pension liabilities. An agreement was reached with the Pensions Trust to address this in the short/medium term. We will continue to engage with Ark to understand how it plans to manage the risks it faces in particular its exposure to future pension risks.

Our engagement with Ark – Medium

In light of the scope and complexity of Ark's business we will have medium engagement with it in 2015/16 to get further assurance about its business and financial planning.

1. By 31 July 2015 Ark will send us:
 - its approved Business Plan including commentary on results of robust sensitivity tests and risk mitigation strategies;
 - 30 year financial projections consisting of income and expenditure statement, balance sheet and cash flow, including calculation of loan covenants and covenant requirements;
 - sensitivity analysis which looks at key risks such as exposure to future pension liabilities, arrears levels and covenant compliance. We would also expect this to include analysis of a range of options for rent increases and inflation rates which demonstrate continuing affordability for tenants; and
 - reports to the Board in respect of the 30 year projections and sensitivity analysis.
2. We will provide feedback on the business plans and projections for Ark in quarter three of 2015/16. We will meet senior staff to discuss progress against the business plan, any risks to the organisation and the steps it is taking to manage these risks.
3. Ark should alert us to notifiable events and seek our consent as appropriate. It should provide us with the annual regulatory returns we review for all RSLs:
 - audited annual accounts and external auditor's management letter;
 - loan portfolio return;
 - five year financial projections; and
 - Annual Return on the Charter.

This plan will be kept under review and may be changed to reflect particular or new events. The engagement strategy set out in this plan does not restrict us from using any other form of regulatory engagement to seek additional assurance should the need arise. Our regulatory framework and other relevant statistical and performance information can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Ark is:

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We have decided what type of engagement we need to have with this organisation based on information it provided to us. We rely on the information given to us to be accurate and complete, but we do not accept liability if it is not. And we do not accept liability for actions arising from a third party's use of the information or views contained in the Regulation Plan.